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The role of management in corporate social responsibility

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Abstract

The Corporate Social Responsibility is a management based activity that helps companies to use or apply the social and environmental functions in their business operations to increase wealth of stakeholder. In other words, it's a self-regulatory mechanism that ensures the efficiency of companies to work with ethical standards and national or international norms.

Corporate Social Responsibility, business model has various benefits like; it increases customer retention, develops relations with customer & supplier, protects from competition, reduces operating costs, manages risk, generates innovations, improves business reputation & standard of living, helps to provide access for investment and funding opportunities.

Apart from these benefits, the Corporate Social Responsibility has some dimensions in corporate world include business ethics, values & principles, accountability & transparency, environmental concerns, human rights, worker rights & welfare, market relations, sustainability and corporate governance.

The proper functioning of these dimensions helps in increasing employer & employee loyalty, quality of products & services, reputation & brand image, and achieving greater productivity & quality, reducing regulatory oversight, accessing to capital & market, decreasing liability, less fluctuating stock market.

Keywords: Corporate Social Responsibility

1. Introduction

It is a form of corporate self-regulation integrated into a business model and ensures its active compliance with the spirit of the law, ethical, standard & national or international norms. In other words, it is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.

Corporate Social Responsibility goes beyond compliance & engages in actions that appears to further some social good beyond the interest of the firms and that which is required by law.

The impact of a company's actions on society Requires a manager to consider his acts in terms of a whole social system, and holds him responsible for the effects of his acts anywhere in that system.

The evolution of CSR in Corporate

It refers to changes in corporation's engagement of CSR, in which businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environments in which they operate.

CSR is titled to aid an organization medium as well as guide to what the company reports for its customer. The term CSR become popular in the 1960 and has remained a term used by many to cover legal & moral responsibility more narrowly constructed. Initially CSR emphasized the official behavior of individual firm, later it expanded to include supplier behavior and the uses to which products were put and how they were disposed of after they best value.

Initially Corporate Social Responsibility emphasized the official behavior of individual firm and later it get expanded to include supplier behavior and the uses to which products were put and how they were disposed of after they get best value.

Review-Literature

Researchers have reviewed three literatures.

Devaraja Nayake and Dr. Najunda 2014 ^[1], in their research paper titled, 'Corporate Social Responsibility- A Case Study of Aditya Birla Group' have applied the CSR's conceptual approaches & practical functions to know the company's profitability aspect and attention of stakeholders. After this survey, researchers have noticed that CSR helped them to know the strategies to increase profit as well as fulfill the requirements of stakeholders.

S. Seikh and R. Beise-Zee 2011 ^[2], in their research paper titled, 'Corporate Social Responsibility or Cause-Related Marketing? The Role of Cause Specify of CSR' have compared and identified the nature of impact of Cause-Related-Marketing & Corporate Social Responsibility on customer's attitude. After conducting an experiment, they have found that the Cause-Related-Marketing has negative impact with low cause affinity but while the Corporate Social Responsibility noticed positive impact with high cause.

Chendrayan Chendroperumal 2008 ^[3], in their research paper titled, 'Corporate Social Responsibility and Firm's Objectives- A Synthesis' have discussed the problems occurred due to current CSR practices in a corporate firm. They have identified that the companies profit spent for CSR projects rather than meeting debt-burden and creating reserve. Apart from this, they have also noticed that the some functions of CSR failed to achieve the basic objective of firm. After finding these problems, in last, they have given suggestions to meet out these problems of CSR in business and environmental concerns as well.

Need of Study

In reviews, researchers have discussed about the companies problems, impact of CSR activities but they do not described the challenges faced by corporate firms. Therefore, it is necessary to carry this survey.

Objectives

1. To study the challenges faced by CSR in India.
2. To make suggestions for accelerating CSR initiatives.

Table 1: CSR Framework

Model	Focus	Reviewers
Ethical	Voluntary commitment by companies to public welfare.	M.K.Gandhi.
Statist	State ownership and legal requirements determine corporate responsibility.	Jawahar Lal Nehru.
Liberal	Corporate responsibilities limited to private owners (shareholders).	Milton Friedman.
Stakeholder	Companies respond to the needs of stakeholders.	R. Edward Freeman.

Challenges of CSR

1. The role of government is day by day shrinking as FDI is entering and companies are going for privatization. There are certain sectors where 100% FDI is allowed this reduces the government interference and this as a result affects the CSR practices of companies as they have more focus of profit earning.
2. Shareholders and other people demand for greater disclosures which is not possible for a company. 100% disclosures are not possible as some information is also confidential which as a result affects CSR of company. As, shareholders may also ask to invest less for CSR.
3. Customers are increasing day by day. They are more aware about the companies and take free information before them deals with a company. As with increases in the interest people demand more variety and goods which leads companies to invest more in production from their profits and this reduces the percentage of loss.
4. Investors create pressure on companies for more returns for which they have to keep higher ratio for returns. Such a step reduces the percentage that is to be kept for CSR. And this affects CSR and become a challenge for company to maintain balance between the two.
5. Demand is increasing day by day, availability of labor is wide. People for jobs are more but still market is competitive. So company wants to hire the best for their which leads to competition in labor market also. And this increases the cost of the company and directly or indirectly affects CSR and becomes a issue for the company.
6. Company enters into a market needs to built local capacities as they have to increase their market share. For this expenditure they need large amount and due to

which company cannot keep high fixed rate for CSR. And it is another big challenge for company.

7. Company lack of transparency is common in every company. Some information or facts are to be kept confidential and some are internationally hidden or misrepresented. Company does not provide full facts about CSR practices. This incomplete information and lack of transparency misguides investor's shareholders and government. It becomes difficult to calculate actual CSR practices done by the company.
8. Visibility factor is low which makes it difficult for CSR practices.

Suggestions

Companies can set a network of activities to be taken up in a consortium to tackle major environmental issues.

Training, conferences and seminars could be organized by companies to disseminate.

Companies need to involve their stakeholder in order to built meaningful and long term partnership.

Conclusions

Corporate sustainability is an evolving process and not an end. Across the globe, the concept of CSR has been accepted as an element for success and survival of business along with fulfilling social objectives.

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